

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6932

BILL NUMBER: HB 1402

DATE PREPARED: Dec 21, 2001

BILL AMENDED:

SUBJECT: School excessive levy referendum.

FISCAL ANALYST: Chuck Mayfield

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that voters within a school corporation may approve an excessive tax levy that is imposed for not more than seven years. It specifies that the levy may be reimposed or extended. The bill provides that the levy may not be considered in the determination of the school corporation's state tuition support or maximum general fund tax levy. The bill also makes conforming amendments to the target revenue and target general fund property tax rate formulas.

Effective Date: July 1, 2002; January 1, 2003.

Explanation of State Expenditures: Currently, an approved referendum provides a permanent increase to a school's general fund levy. The levy increase due to the approval of the referendum does not receive property tax replacement credits (PTRC). The amount of the referendum is excluded from the tuition support formula calculation the first year the increase is imposed. In latter years the referendum is treated the same as other general fund levy increases and has been included in expenditure and taxpayer equalization calculations. Due to certain provisions in the current school formula, a school that passed a referendum may not be receiving additional revenue due to the passage of the referendum. A school that receives the foundation grant of \$4,400 in CY 2002 and passed a referendum more than two years ago is receiving the same school formula revenue as a school that did not pass a referendum.

The levy may be imposed for up to seven years and is equal to the amount of the referendum approved by the voters. The new levy would be eligible for PTRC. The new levy would also be excluded from the tuition support calculations. It is not possible to estimate the number of future referendums or who might pass a referendum.

The bill would remove referendums passed after December 31, 2002, from the calculation of the foundation and variable grant calculations in the school formula. The bill would probably have minor state and local impact. If the bill was in effect for CY 2002 and applied to all referendums passed after 1982, the bill would

increase state tuition support by about \$764,000 annually and would increase the general fund levies of schools by about \$705,000 annually.

The following table lists the number and the dollar amount of levy increases due to approved referendums since 1982.

Calendar Year	Number Approved	Levy
1982	1	\$47,000
1985	4	\$2,350,034
1986	5	\$4,413,281
1987	4	\$1,263,000
1988	2	\$5,449,875
1997	1	\$456,085
1998	1	\$150,000

Explanation of State Revenues:

Explanation of Local Expenditures: See Explanation of State Expenditures.

Explanation of Local Revenues:

State Agencies Affected: Department of Education, State Board of Tax Commissioners.

Local Agencies Affected: Local school corporations.

Information Sources: Department of Education databases.